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E.O. 12958: N/A
TAGS: ECON PREL CH TW
SUBJECT: NEW PRC REGULATIONS DO LITTLE FOR TAIWAN TRAVEL AGENTS
EAGER TO TAP MAINLAND MARKET

Ref: A) Taipei 90, B) Taipei 133

¶1. As Taiwan's travel industry eagerly awaits a cross-Strait
agreement on tourism, now expected to be finalized in spring 2007
(reftels), Beijing announced revised regulations making it easier
for foreign travel agents to operate in China. The China National
Tourism Administration Director General Shao Qiwei announced on
January 18, 2007, that China would ease capital requirements for
foreign travel agents to establish subsidiaries in China. The
required investment will be lowered from Renminbi (RMB) 2.5 million
(US$320,000) to RMB 300,000 (US$39,000) starting in July 2007.
Beijing also eliminated quota restrictions on the number of offices
that could be opened. However, foreign firms will still be limited
to offering only domestic China tourism services.

¶2. Taiwan's two largest tour companies, Set Tour and Phoenix Tours
International Inc., have reacted to the announcement by saying they
would like to have the ability to offer international travel
services from China-based offices. Nevertheless, both said they
would take advantage of the new measures to establish wholly-owned
subsidiaries in China in expectation of future market opening. Set
Tour has already set up offices in Shanghai and Dalien through a
joint venture with a local travel agent. With its own offices, the
firm hopes to more effectively take advantage of the anticipated
opening of Taiwan to Mainland tourists.

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